

Basic Financial Statements

The basic financial statements for the City of Asheville consist of both entity-wide and fund financial statements.

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CITY OF ASHEVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit A

	Primary Government			Component Unit
	Governmental	Business-type		City of Asheville
	Activities	Activities	Total	ABC Board
ASSETS				
Cash and investments	\$ 44,708,658	\$ 26,683,998	\$ 71,392,656	\$ 2,165,058
Receivables (net of allowance for uncollectibles)	14,118,635	7,865,022	21,983,657	5,359
Due from Component Unit	275,397	-	275,397	-
Internal balances	1,244,915	(1,244,915)	-	-
Inventories	1,082,081	98,432	1,180,513	1,582,844
Prepays	-	25,030	25,030	73,070
Restricted assets:				
Cash and investments	1,127,610	52,123,132	53,250,742	-
Capital assets:				
Land	30,152,018	10,280,912	40,432,930	1,959,232
Buildings and improvements	45,426,581	80,604,532	126,031,113	2,672,108
Machinery and equipment	37,328,190	19,203,928	56,532,118	954,530
Infrastructure	205,338,959	118,211,394	323,550,353	-
Construction in progress	18,402,412	24,553,235	42,955,647	-
Accumulated depreciation	(146,879,149)	(85,932,470)	(232,811,619)	(1,557,345)
Unamortized debt issuance cost	-	1,190,514	1,190,514	-
Total assets	<u>252,326,307</u>	<u>253,662,744</u>	<u>505,989,051</u>	<u>7,854,856</u>
LIABILITIES				
Accounts payable and other current liabilities	2,987,224	10,114,239	13,101,463	1,550,046
Customer deposits	-	535,739	535,739	-
Accrued interest payable	77,521	1,764,781	1,842,302	-
Due to primary government	-	-	-	275,397
Unearned revenue	252,819	405,844	658,663	-
Claims payable	5,526,388	-	5,526,388	-
Noncurrent liabilities:				
Due within one year	6,741,097	4,282,586	11,023,683	-
Due in more than one year	24,220,408	81,640,853	105,861,261	222,359
Total liabilities	<u>39,805,457</u>	<u>98,744,042</u>	<u>138,549,499</u>	<u>2,047,802</u>
NET ASSETS				
Invested in capital assets, net of related debt	165,821,203	133,002,167	298,823,370	3,800,955
Restricted for:				
Employee paid health benefits	2,632,671	-	2,632,671	-
Risk management	3,420,365	-	3,420,365	-
Working capital	-	-	-	585,555
Perpetual care:				
Nonexpendable	308,505	-	308,505	-
Capital projects	-	-	-	871,131
Unrestricted	40,338,106	21,916,535	62,254,641	549,413
Total net assets	<u>\$ 212,520,850</u>	<u>\$ 154,918,702</u>	<u>\$ 367,439,552</u>	<u>\$ 5,807,054</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Exhibit B

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities				
General government	\$ 21,701,679	\$ 9,567,615	\$ 1,668,792	\$ -
Public safety	39,465,214	4,357,759	650,854	-
Highways and streets	21,571,388	1,709,505	2,813,255	-
Economic development	5,046,315	-	2,729,666	-
Culture and recreation	10,121,920	1,410,649	251,234	103,100
Interest on long term debt	976,809	-	-	-
Total governmental activities	<u>98,883,325</u>	<u>17,045,528</u>	<u>8,113,801</u>	<u>103,100</u>
Business-type activities				
Water resources	22,202,253	31,534,907	-	3,489,290
Civic Center	2,259,239	1,670,824	-	-
Festivals	1,169,695	860,135	-	-
Parking Services	1,768,924	3,008,802	-	-
Mass Transit	5,086,046	1,178,213	2,075,987	261,239
Stormwater	2,919,423	3,049,649	-	-
Golf Course	1,050,006	965,827	-	-
Total business-type activities	<u>36,455,586</u>	<u>42,268,357</u>	<u>2,075,987</u>	<u>3,750,529</u>
Total primary government	<u>\$ 135,338,911</u>	<u>\$ 59,313,885</u>	<u>\$ 10,189,788</u>	<u>\$ 3,853,629</u>
Component unit:				
ABC Board	19,231,956	19,475,992	-	-
Total component unit	<u>\$ 19,231,956</u>	<u>\$ 19,475,992</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Sales taxes
- Other taxes
- Alcoholic beverage tax
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings & miscellaneous
- Gain (loss) on sale of capital assets

Transfers

- Total general revenues and transfers
- Changes in net assets

Net assets - beginning

Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	City of Asheville ABC Board
\$ (10,465,272)	\$ -	\$ (10,465,272)	\$ -
(34,456,601)	-	(34,456,601)	-
(17,048,628)	-	(17,048,628)	-
(2,316,649)	-	(2,316,649)	-
(8,356,937)	-	(8,356,937)	-
(976,809)	-	(976,809)	-
(73,620,896)	-	(73,620,896)	-
-	12,821,944	12,821,944	-
-	(588,415)	(588,415)	-
-	(309,560)	(309,560)	-
-	1,239,878	1,239,878	-
-	(1,570,607)	(1,570,607)	-
-	130,226	130,226	-
-	(84,179)	(84,179)	-
-	11,639,287	11,639,287	-
(73,620,896)	11,639,287	(61,981,609)	-
-	-	-	244,036
-	-	-	244,036
42,119,109	-	42,119,109	-
16,548,426	-	16,548,426	-
7,455,504	-	7,455,504	-
-	-	-	-
1,242,437	-	1,242,437	-
3,025,200	1,679,050	4,704,250	44,046
(169,419)	20,626	(148,793)	(58,696)
(2,700,685)	2,700,685	-	-
67,520,572	4,400,361	71,920,933	(14,650)
(6,100,324)	16,039,648	9,939,324	229,386
218,621,174	138,879,054	357,500,228	5,577,668
\$ 212,520,850	\$ 154,918,702	\$ 367,439,552	\$ 5,807,054

**CITY OF ASHEVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

Exhibit C

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 24,034,906	\$ 8,947,356	\$ 32,982,262
Receivables (net of allowance for uncollectibles)	4,784,937	8,267,226	13,052,163
Due from other funds	1,712,223	-	1,712,223
Due from component unit	275,397	-	275,397
Inventories	1,082,081	-	1,082,081
Cash -- restricted	-	1,127,610	1,127,610
Total assets	<u>\$ 31,889,544</u>	<u>\$ 18,342,192</u>	<u>\$ 50,231,736</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued liabilities	\$ 2,734,944	\$ 165,841	\$ 2,900,785
Retainage payable	11,441	42,564	54,005
Due to other funds	-	467,308	467,308
Deferred revenue	198,072	3,685,141	3,883,213
Unearned revenue	252,819	-	252,819
Total liabilities	<u>3,197,276</u>	<u>4,360,854</u>	<u>7,558,130</u>
Fund balances:			
Reserved:			
For inventories	1,082,081	-	1,082,081
For encumbrances	2,803,809	1,182	2,804,991
For housing partnership	-	1,318,761	1,318,761
By state statute	6,574,485	4,053,468	10,627,953
For perpetual care	-	308,505	308,505
Unreserved, reported in:			
General fund			
Designated for capital reserve	1,319,503	-	1,319,503
Designated for law enforcement special separation allowance	3,897,517	-	3,897,517
Undesignated:			
General fund	13,014,873	-	13,014,873
Special revenue funds	-	829,647	829,647
Capital project funds	-	7,469,775	7,469,775
Total fund balances	<u>28,692,268</u>	<u>13,981,338</u>	<u>42,673,606</u>
Total liabilities and fund balances	<u>\$ 31,889,544</u>	<u>\$ 18,342,192</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	189,769,011
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,883,213
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	(30,961,505)
The internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	7,234,046
Other accrual adjustments that do not require current financial resources and therefore, are not reported in fund statements.	(77,521)

Net assets of governmental activities	<u>\$ 212,520,850</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES,
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Exhibit D

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 42,137,547	\$ -	\$ 42,137,547
Other taxes	16,935,253	-	16,935,253
Intergovernmental	10,855,544	5,734,303	16,589,847
Licenses and permits	5,187,002	-	5,187,002
Charges for services	10,319,412	-	10,319,412
Private donations	39,098	82,977	122,075
Investment earnings	1,545,214	42,768	1,587,982
Miscellaneous	597,367	440,517	1,037,884
Total revenues	<u>87,616,437</u>	<u>6,300,565</u>	<u>93,917,002</u>
EXPENDITURES			
Current:			
General government	17,966,658	869,568	18,836,226
Public safety	39,749,086	1,252,419	41,001,505
Public works	12,282,632	1,434,975	13,717,607
Human services	50,000	3,024,137	3,074,137
Planning	1,768,485	200,799	1,969,284
Engineering	1,935,720	1,122,850	3,058,570
Culture and recreation	8,457,236	653,741	9,110,977
Debt service:			
Principal	3,716,730	175,000	3,891,730
Interest	1,122,062	-	1,122,062
Total expenditures	<u>87,048,609</u>	<u>8,733,489</u>	<u>95,782,098</u>
Excess of revenues over (under) expenditures	<u>567,828</u>	<u>(2,432,924)</u>	<u>(1,865,096)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	314,423	4,841,994	5,156,417
Transfers out	(16,839,879)	(66,500)	(16,906,379)
Long-term debt issued	3,000,000	2,000,000	5,000,000
Sale of capital assets	35,336	-	35,336
Total other financing sources and (uses)	<u>(13,490,120)</u>	<u>6,775,494</u>	<u>(6,714,626)</u>
Net change in fund balances	<u>(12,922,292)</u>	<u>4,342,570</u>	<u>(8,579,722)</u>
Fund balances - beginning	41,614,560	9,638,768	51,253,328
Fund balances - ending	<u>\$ 28,692,268</u>	<u>\$ 13,981,338</u>	<u>\$ 42,673,606</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Exhibit E

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds (Exhibit D)	\$ (8,579,722)
Depreciation expense is not a use of current financial resources and therefore, is not reported in the governmental fund statements.	(14,249,926)
Capital asset additions are a use of current financial resources and therefore, are not reported as expenditures in the governmental fund statements.	13,818,566
Contribution of capital assets	17,737
Book value of capital assets disposed	(204,754)
Net change in accrued interest payable	145,253
Property tax revenue and other revenues in the statement of activities that do not provide current financial resources and, therefore, are deferred in the fund statements	(220,084)
Proceeds from long term debt that provide current financial resources and are reported as other financing sources in the fund statements	(5,000,000)
Debt service payments use current financial resources and are reported in the governmental fund statements but are a reduction in a liability on the government-wide statements.	3,891,730
Adjustments to other long-term obligations that do not require current financial resources and therefore, are not reported as expenditures in the governmental fund statements:	
Accrued vacation	(483,009)
Estimated claims incurred but not reported:	
Unfunded pension obligation	(66,568)
The internal service fund is used by management to charge the costs of Risk Management to the individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	4,830,453
Change in net assets of governmental activities (Exhibit B)	<u>\$ (6,100,324)</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

Exhibit F

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES				
Taxes:				
Ad valorem taxes	\$ 42,109,473	\$ 42,308,832	\$ 42,137,547	\$ (171,285)
Local option sales tax	17,116,370	17,116,370	16,548,426	(567,944)
Payments in lieu of taxes	96,280	96,280	72,840	(23,440)
Other taxes	300,000	300,000	313,987	13,987
Intergovernmental	9,246,215	10,299,594	10,855,544	555,950
Licenses and permits	5,202,820	4,344,166	5,187,002	842,836
Charges for services	6,953,202	9,951,478	10,319,412	367,934
Private donations	-	-	39,098	39,098
Investment earnings	1,014,000	1,014,000	1,545,214	531,214
Miscellaneous	184,550	195,550	597,367	401,817
Total revenues	<u>82,222,910</u>	<u>85,626,270</u>	<u>87,616,437</u>	<u>1,990,167</u>
EXPENDITURES				
Current:				
General government	12,953,016	17,029,498	17,966,658	(937,160)
Public safety	37,460,836	39,848,531	39,749,086	99,445
Public works	12,404,224	12,617,362	12,282,632	334,730
Human services	50,000	50,000	50,000	-
Planning	1,785,580	1,804,019	1,768,485	35,534
Engineering	2,253,712	2,260,637	1,935,720	324,917
Culture and recreation	9,043,196	8,811,344	8,457,236	354,108
Debt service:				
Principal	4,067,476	3,754,045	3,716,730	37,315
Interest and fees	2,139,004	1,087,754	1,122,062	(34,308)
Total expenditures	<u>82,157,044</u>	<u>87,263,190</u>	<u>87,048,609</u>	<u>214,581</u>
Excess of revenues over(under) expenditures	<u>65,866</u>	<u>(1,636,920)</u>	<u>567,828</u>	<u>2,204,748</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	4,421,019	7,231,294	-	(7,231,294)
Transfers in	-	18,750	314,423	295,673
Transfers out	(6,604,885)	(10,103,949)	(16,839,879)	(6,735,930)
Long-term debt issued	2,035,000	4,407,825	3,000,000	(1,407,825)
Sale of capital assets	83,000	83,000	35,336	(47,664)
Total other financing sources and (uses)	<u>(65,866)</u>	<u>1,636,920</u>	<u>(13,490,120)</u>	<u>(15,127,040)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(12,922,292)</u>	<u>\$(12,922,292)</u>
Fund balance - beginning			41,614,560	
Fund balance - ending			<u>\$ 28,692,268</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

Exhibit G

ASSETS	Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Current assets:				
Cash and investments	\$ 21,885,002	\$ 4,798,996	\$ 26,683,998	\$ 11,726,396
Accounts receivable (net of allowance for uncollectibles)	3,273,085	948,669	4,221,754	1,066,472
Accounts receivable MSD (net of allowance for uncollectibles)	2,315,842	-	2,315,842	-
Intergovernmental receivable	-	1,327,426	1,327,426	-
Inventories	-	98,432	98,432	-
Prepays	-	25,030	25,030	-
Restricted cash and investments	50,192,969	1,930,163	52,123,132	-
Total current assets	<u>77,666,898</u>	<u>9,128,716</u>	<u>86,795,614</u>	<u>12,792,868</u>
Noncurrent assets:				
Capital assets				
Land	4,286,087	5,994,825	10,280,912	-
Buildings and improvements	59,282,631	21,321,901	80,604,532	-
Machinery and equipment	9,471,068	9,732,860	19,203,928	-
Water system/sewer system	106,192,742	-	106,192,742	-
Infrastructure	-	12,018,652	12,018,652	-
Construction in progress	23,354,523	1,198,712	24,553,235	-
Total capital assets	<u>202,587,051</u>	<u>50,266,950</u>	<u>252,854,001</u>	<u>-</u>
Accumulated depreciation	<u>(56,810,057)</u>	<u>(29,122,413)</u>	<u>(85,932,470)</u>	<u>-</u>
Net capital assets	<u>145,776,994</u>	<u>21,144,537</u>	<u>166,921,531</u>	<u>-</u>
Unamortized debt issuance cost	<u>1,190,514</u>	<u>-</u>	<u>1,190,514</u>	<u>-</u>
Total noncurrent assets	<u>146,967,508</u>	<u>21,144,537</u>	<u>168,112,045</u>	<u>-</u>
Total assets	<u>224,634,406</u>	<u>30,273,253</u>	<u>254,907,659</u>	<u>12,792,868</u>
LIABILITIES				
Current liabilities:				
Accounts payable	6,517,926	367,635	6,885,561	4,300
Customer deposits	535,239	500	535,739	-
Accrued interest payable	1,764,754	27	1,764,781	-
Other accrued expenses	249,781	154,733	404,514	28,134
Due to other funds	-	1,244,915	1,244,915	-
Due to other governmental units	2,824,164	-	2,824,164	-
Bonds payable	3,618,994	-	3,618,994	-
Installment purchase contracts	-	43,000	43,000	-
Compensated absences	433,951	186,641	620,592	-
Claims payable	-	-	-	584,302
Unearned revenue	182,000	223,844	405,844	-
Total current liabilities	<u>16,126,809</u>	<u>2,221,295</u>	<u>18,348,104</u>	<u>616,736</u>
Noncurrent liabilities:				
Bonds payable	79,651,410	-	79,651,410	-
Installment purchase contracts	-	86,000	86,000	-
Claims payable	-	-	-	4,942,086
Unamortized bond premiums	1,903,443	-	1,903,443	-
Total noncurrent liabilities	<u>81,554,853</u>	<u>86,000</u>	<u>81,640,853</u>	<u>4,942,086</u>
Total liabilities	<u>97,681,662</u>	<u>2,307,295</u>	<u>99,988,957</u>	<u>5,558,822</u>
NET ASSETS				
Invested in capital assets, net of related debt	111,986,630	21,015,537	133,002,167	-
Restricted for health benefits and risk management	-	-	-	6,053,036
Unrestricted	14,966,114	6,950,421	21,916,535	1,181,010
Total net assets	<u>\$ 126,952,744</u>	<u>\$ 27,965,958</u>	<u>\$ 154,918,702</u>	<u>\$ 7,234,046</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ASHEVILLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Exhibit H

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
OPERATING REVENUES				
Charges for services	\$ 31,487,907	\$ 8,085,111	\$ 39,573,018	\$ 11,883,059
Rents	-	1,082,593	1,082,593	-
Concessions	-	913,374	913,374	-
Insurance recovery	-	-	-	1,539,114
Miscellaneous revenues	47,000	652,372	699,372	-
Total operating revenues	<u>31,534,907</u>	<u>10,733,450</u>	<u>42,268,357</u>	<u>13,422,173</u>
OPERATING EXPENSES				
Cost of merchandise sold	-	369,993	369,993	-
Administration	15,261,707	12,392,924	27,654,631	1,763,563
Insurance claims	-	-	-	13,784,009
Claims incurred but not reported	-	-	-	2,564,692
Depreciation	4,327,033	1,404,170	5,731,203	-
Total operating expenses	<u>19,588,740</u>	<u>14,167,087</u>	<u>33,755,827</u>	<u>18,112,264</u>
Operating income (loss)	<u>11,946,167</u>	<u>(3,433,637)</u>	<u>8,512,530</u>	<u>(4,690,091)</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	-	2,075,987	2,075,987	-
Interest earned	1,429,927	249,123	1,679,050	396,899
Interest expense	(2,613,513)	(86,246)	(2,699,759)	-
Gain on sale of capital assets	20,626	-	20,626	-
Total nonoperating revenues (expenses)	<u>(1,162,960)</u>	<u>2,238,864</u>	<u>1,075,904</u>	<u>396,899</u>
Income (loss) before transfers and capital contributions	<u>10,783,207</u>	<u>(1,194,773)</u>	<u>9,588,434</u>	<u>(4,293,192)</u>
Transfers in/out:				
Transfers from General Fund	-	2,700,685	2,700,685	9,363,700
Transfers to General Fund	-	-	-	(240,055)
Transfers from Parking Services Fund	-	248,116	248,116	-
Transfers to Transit Fund	-	(248,116)	(248,116)	-
Capital contributions	3,489,290	261,239	3,750,529	-
Changes in net assets	<u>14,272,497</u>	<u>1,767,151</u>	<u>16,039,648</u>	<u>4,830,453</u>
Total net assets - beginning	<u>112,680,247</u>	<u>26,198,807</u>	<u>138,879,054</u>	<u>2,403,593</u>
Total net assets - ending	<u>\$ 126,952,744</u>	<u>\$ 27,965,958</u>	<u>\$ 154,918,702</u>	<u>\$ 7,234,046</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ASHEVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

Exhibit I

	<u>Water Resources</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:				
Cash received from customers	\$ 31,588,467	\$ 11,793,742	\$ 43,382,209	\$ 12,355,701
Cash paid for goods and services	(2,279,981)	(9,736,963)	(12,016,944)	(15,515,138)
Cash paid to employees	(7,086,849)	(4,008,239)	(11,095,088)	-
Net cash provided by (used for) operating activities	<u>22,221,637</u>	<u>(1,951,460)</u>	<u>20,270,177</u>	<u>(3,159,437)</u>
Cash flows from non-capital financing activities:				
Grants received	-	2,075,987	2,075,987	-
Transfers from other funds	-	2,948,801	2,948,801	9,363,700
Transfers to other funds	-	(248,116)	(248,116)	(240,055)
Net cash provided by non-capital financing activities	<u>-</u>	<u>4,776,672</u>	<u>4,776,672</u>	<u>9,123,645</u>
Cash flows from capital and related financing activities:				
Receipts from capital grants or contributions	557,605	261,239	818,844	-
Bonds Issued	39,025,000	-	-	-
Acquisition and construction of capital assets	(22,533,207)	(562,985)	(23,096,192)	-
Principal paid on debt	(2,958,899)	(613,000)	(3,571,899)	-
Interest paid on debt	(1,646,048)	(85,383)	(1,731,431)	-
Premium on debt	(496,167)	-	-	-
Proceeds from sale of capital assets	11,838	-	11,838	-
Net cash used for capital and related financing activities	<u>11,960,122</u>	<u>(1,000,129)</u>	<u>(27,568,840)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(37,040,196)	-	(37,040,196)	-
Interest earned	2,558,952	248,260	2,807,212	396,899
Net cash provided by investing activities	<u>(34,481,244)</u>	<u>248,260</u>	<u>(34,232,984)</u>	<u>396,899</u>
Net increase in cash and cash equivalents	(299,485)	2,073,343	1,773,858	6,361,107
Cash and cash equivalents:				
Beginning of year, July 1	33,334,322	4,655,816	37,990,138	5,365,289
End of year, June 30	<u>\$ 33,034,837</u>	<u>\$ 6,729,159</u>	<u>\$ 39,763,996</u>	<u>\$ 11,726,396</u>

	Water Resources	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 11,946,167	\$ (3,433,637)	\$ 8,512,530	\$ (4,690,091)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,327,033	1,404,170	5,731,203	-
Changes in assets and liabilities:				
Decrease (Increase) in accounts receivable	32,647	(68,466)	(35,819)	(1,066,472)
Decrease in intergovernmental receivables	167,384	1,128,758	1,296,142	-
Increase in inventories	-	(15,392)	(15,392)	-
Increase in prepaids	-	(10,063)	(10,063)	-
Decrease in other assets	-	7,867	7,867	-
Increase in accounts payable	5,416,029	294,563	5,710,592	-
Increase in other accrued expenses	42,429	58,505	100,934	28,134
Decrease in due to other funds	-	(1,263,283)	(1,263,283)	-
Decrease in accrued interest payable	-	(25,893)	(25,893)	-
Increase (decrease) in compensated absences	87,035	(7,666)	79,369	4,300
Increase (decrease) in unearned revenue	182,000	(20,923)	161,077	-
Increase in customer deposits	20,913	-	20,913	-
Increase in estimate for claims incurred but not reported	-	-	-	2,564,692
Total adjustments	10,275,470	1,482,177	11,757,647	1,530,654
Net cash provided by (used for) operating activities	\$ 22,221,637	\$ (1,951,460)	\$ 20,270,177	\$ (3,159,437)
Reconciliation of cash and cash equivalents:				
Cash and investments:				
Unrestricted	\$ 21,885,002	\$ 4,798,996	\$ 26,683,998	\$ 11,726,396
Restricted	50,192,969	1,930,163	52,123,132	-
Total cash and investments	72,077,971	6,729,159	78,807,130	11,726,396
Less: Investments	39,043,134	-	39,043,134	-
Cash and cash equivalents	\$ 33,034,837	\$ 6,729,159	\$ 39,763,996	\$ 11,726,396
Noncash investing, capital, and financing activities:				
Donated water lines	\$ 2,182,317	\$ -	\$ 2,182,317	\$ -

(concluded)

The notes to the financial statements are an integral part of the this financial statement.

CITY OF ASHEVILLE
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2008

Exhibit J

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 207,082
Total assets	<u>\$ 207,082</u>
LIABILITIES	
Accounts payable	\$ 207,082
Total liabilities	<u>\$ 207,082</u>

The notes in the financial statements are an integral part of this statement.